



Minutes of the meeting of the Audit Committee held via MS Teams on Wednesday 1st October 2025 at 17:55

MEMBERS Charles Heaton, Chair
PRESENT: Theresa Hodgkinson
Alison Griffiths, Vice Chair

ALSO IN ATTENDANCE: Andrew Cropley, Principal
Jon Fearon, Finance Director
Lee Glover, Validera – internal auditor
Roopa Patel-Harji, Validera – internal auditor
Eloise Hopkinson, Head of Governance
Diane Booth, Vice Principal: Curriculum and Quality (until 18:00)

		ACTION by whom	DATE by when
1	<u>APPOINTMENT OF THE COMMITTEE CHAIR FOR 2025/26</u> It was noted that Charles Heaton had been approved as committee chair from 1 st August 2025 at the committee meeting held on 1 st May 2025. AGREED: to approve Charles Heaton as the Audit Committee chair for 2025/26.		
2	<u>WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE</u> Apologies were received from Nick Butler and David Hoose (Mazars – external auditor).		
3	<u>DECLARATIONS OF INTEREST</u> The chair reminded everyone present to declare any interests that they may have on agenda items to be discussed. Standing declarations were noted.		
4	<u>MINUTES OF THE MEETING HELD ON 30TH JUNE 2025</u> The minutes were reviewed and it was agreed that they were an accurate record of discussions. AGREED: to approve the minutes of the meeting held on 30 th June 2025. There were no matters arising.		
5	<u>ACTION PROGRESS REPORT</u>		

Signed: _____  _____ Chair

Date: 27th November 2025

The committee members were happy to note the content of the update provided.

6 **COMPOSITE COLLEGE RECOMMENDATIONS REPORT**

The finance director presented this paper. He particularly highlighted that the first action, which pertained to the reporting of ALS for adult programmes to the Standards Committee, had been closed following the uploading of such a report in time for October's meeting. Most of the other deadlines had been met so far. However, some extensions had been requested due to workload and staff absence, which the committee members were happy to approve.

AGREED: to note the content of the update provided.

7 **FRAUD, IRREGULARITY AND WHISTLEBLOWING**

The head of governance presented a first draft of the Whistleblowing Policy 2025/26 and invited governors to comment on this. She explained that the aim of changing the policy so drastically was to give the process more structure than it previously had. She reminded governors that a 'complaints against senior postholders' policy would be taken through the Senior Postholder and Governance Committee in October 2025, to provide a more appropriate means of handling any such complaints rather than via the Whistleblowing Policy.

Governors asked for clarity as to whether the policy includes externals who are not employed by or affiliated with the college in any way, and it was confirmed that, in its current form, it did not. The policy was worded for use by those employed by the college, including as subcontractors or sessional staff, etc. The finance director observed that the college had an obligation to ensure that robust practices are in place and to be as transparent as possible. Therefore, it was agreed that the head of governance would reword the policy to extend to any individual who might reasonably become aware of wrongdoing within the college, in order to give them a channel through which to raise concerns.

The finance director also stated that it would be necessary to ensure that the college's policies which were being reviewed through 2025/26 were all linked and provided a strong framework through which to quickly identify any concerns or wrongdoing.

The policy will be presented to the Corporation Board for comment in October and will then be presented to trade unions before coming back to the committee and board for final sign-off.

AGREED: to note the content of the update provided and to endorse the policy as presented but with the inclusion of external third parties.

8 **COUNTER-FRAUD/ANTI-BRIBERY**

Head of
Gov.

Oct
2025

Signed:  _____ Chair

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The head of governance informed the committee that the Counter-Fraud and Anti-Bribery Policy was due for review but that this needed to be updated in the context of the Economic Crime and Corporate Transparency Act 2023 ("the ECCTA").

Again, it was discussed that there was a need to ensure the college's policy was robust, and the finance director indicated that it would be beneficial to obtain best practice examples of similar policies that had already been aligned with the ECCTA. He asked whether the internal auditor might be able to assist with this. He reinforced the necessity of ensuring that practices remain watertight.

It was noted that a fraud risk and area of risk appetite have been added to the risk register for 2025/26, in light of the new Act and associated guidance. The internal auditor referenced the college's fraud risk assessment, noting that this was a strength and shows that the college has been proactive in taking actions to drive further improvement. He indicated that having this matter covered within the strategic risk register in addition to having a counter-fraud risk assessment within the organisation is good practice.

The finance director and head of governance were asked to confirm a timeframe for the review of the Counter-Fraud and Anti-Bribery Policy, and governors were assured that this piece of work would be completed in time for February's committee meeting.

FD Jan 2026

One governor offered to connect the finance director to an officer within her organisation who could possibly offer some advice and cross-reference the college's policy to a best practice example, and the finance director gratefully accepted this support. It was agreed that the finance director would follow up with this governor separately to access this assistance.

FD Jan 2026

AGREED: to note the content of the verbal update provided.

9 RISK MANAGEMENT

The head of governance presented the closed risk register for 2024/25, the new risk register and risk appetite for 2025/26 for the committee to note and discuss. Key points highlighted were as follows:

- The risk register for 2024/25 was closed off by the Executive team at their final team meeting of the academic year.
- A new risk tab has been added to cover governance and senior postholder risks. Currently, these are all succession planning risks.
- Following feedback from governors in June 2025, an exercise is underway to make the risk register and, particularly, the covering reports more useful for governors in the future. The

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head of governance will work with governors and the Executive team to strengthen these documents.

- 16 new risks have been added to the risk register for 2025/26, with the majority of these sitting under the new 'senior postholder and governance' tab under the new risk appetite area of 'leadership'.
- There are nine red risks in total. Three of these are new for this academic year, and one – cybersecurity – has been on the risk register for five years.
- Six risks were not rolled into 2025/26 from the previous academic year as they were deemed to have been mitigated or were absorbed into other risks.
- Two new risk appetite areas have been added – fraud and leadership.
- The risk appetite narratives have all been reviewed by their Executive owners and updated where necessary. The committee's attention was drawn to the updates to enable members to discuss as required.

The committee chair noted that the senior postholder and governance risks were a welcome addition to the risk register.

Further to the matter of succession planning, the principal and head of governance were asked how the recruitment for the new chief financial officer was progressing. They were able to assure governors that this seemed to be going well. The dates for shortlisting and interviews had been confirmed, a plan for the interview day was in place, and the recruitment consultant had confirmed that a number of suitable individuals had expressed interest in applying for the position.

AGREED: to note the content of the update provided.

10 **EXCEPTIONS REPORT**

The finance director had no items to report. He presented the draft Regularity Self-Assessment Questionnaire for 2025/26 for information and discussion.

There have been some minor changes to the structure compared with last year's version. The finance director explained that the purpose of this document is to highlight areas of note to the auditor, and he emphasised that there were no concerns or issues to raise.

The finance director stated that this self-assessment forms part of the college's counter-fraud practices, creating a process of reviewing compliance and providing a self-declaration.

He particularly provided assurance that there were no concerns about the college's key funding frameworks. He explained that he was awaiting

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the final report and information from the external auditor. This will be available in late October, and he can then fill the document out completely and present the final version to the committee.

AGREED: to note the content of the update provided.

11 **INTERNAL AUDIT**

The internal auditor presented the 2024/25 annual report, describing this as a straightforward reflection on the year and explaining that nothing new had been added since the last annual report other than some tweaks to ensure it complied with the new global internal audit standards.

The auditor drew attention to the statement of independence and also confirmed that the annual opinion is that the college's risk management, governance, and control processes are all adequate and effective.

In response to a question from the chair, the auditor provided assurance that the college takes the internal audit process seriously and positive conversations are held with management to drive the actions and recommendations forward. The auditor provided assurance that, from their perspective, there was nothing of concern in relation to how the college handles the recommendations.

The internal auditor also presented the internal audit strategy, including the proposed areas of audit for 2025/26 and the updated three-year plan for approval by the committee. This was in draft form, and the auditor indicated that the strategy is intended to be a collaborative document which can be amended and updated to ensure that the college continues to receive the best value from the audits.

Section 1 introduces the purpose, mission and responsibilities of the audits and confirms that the auditor takes a risk-based approach in conducting assessments. To identify the areas where internal audit input may realise most value, the auditor must understand the risks facing the college and the perceived level of risk represented to the achievement of the college's objectives. Section 2 of the strategy goes into further detail, indicating that the auditors meet with management and inspect the risk register to identify the areas for audit.

The areas for audit during 2025/26 are currently: risk management; financial controls (purchases and procurement via the new finance system); payroll and benefits; estates management; equality, diversity and inclusion; student records (16-18 learners); employer engagement; information governance; and the follow-up audit to assess the implementation and tracking of past accepted recommendations.

The principal indicated that he was very happy with the general thrust of the strategy. He explained that the college has recently undergone an

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apprenticeship health check conducted by the Department for Education, whereby it was identified that the college needs to be more rigorous in relation to the recognition of prior learning. The college is going to put stricter processes in place, but the principal suggested that this should be taken into account. The internal auditor made a note to incorporate this into the strategy and plan. The principal also indicated that the funding mechanisms for apprenticeships are changing dramatically, and the relocation of oversight from the Department for Education to the Department for Work and Pensions could also have an impact, so it would be useful to audit this in 2026/27.

The chair asked whether any other areas which were not already considered should be of particular focus or could potentially cause concern. The internal auditor indicated that the areas listed are those already highlighted via conversations with management and scrutiny of the risk register. On the whole, it was agreed that these still feel appropriate. However, it was clarified that the strategy is reviewed every year and may yet change for 2026/27 and onwards. Furthermore, the college's management team is always forthcoming at asking for particular audits if any areas of concern arise in-year.

The committee then considered the draft scopes for all planned audit work, which were also presented for approval. It was noted that two of these were missing as they were undergoing further internal discussion, and it was agreed that these would be approved via email by committee members once they have been provided. The two missing scopes were student records and information governance.

The auditor indicated that all of the briefs were subject to change and could be updated as necessary based on questions and review by management and governors.

One governor drew attention to the fact that the implementation of Business Central will bring additional security concerns, and she asked whether there was a need to audit this area sooner than the strategy currently indicated. The principal stated that there was a major piece of work to do in relation to this, and he suggested that it may be worth having a longer conversation, which should include the director: IT, estates and learning resources. The finance director explained that the college had procured the services of an external agency to provide constant support to its IT team. This is quite expensive, but it means the college's cybersecurity is not just relaying on the expertise of its own team. The service includes carrying out checks on staff and systems to ensure everyone is being observant and nothing problematic has been allowed through. The service also carries out rigorous backups to ensure there is uncorrupted data available in case the college does ever need to restore its systems. In short, not only does this service boost cybersecurity, it also provides a constant, ongoing audit check. There is a caveat that anyone could find a loophole at any time, but the procured

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service can support with this instantly should the need arise. The securing of this support service was requested by the Audit Committee after a previous audit of cybersecurity. The principal suggested that a five-minute discussion could be tabled at October's board meeting, delivered by the director: IT, estates and learning resources, to provide an update and assurance to all governors.

Head of
Gov. / Dir:
ITELR

Oct
2025

The principal particularly commented on the audit of risk management. He indicated that, when this was audited a few years ago, one of the recommendations was to implement risk registers in curriculum departments. This was piloted but did not add value, so it did not continue. However, he suggested that the college could benefit from having departmental risk registers in some support departments, e.g. IT and Finance. Rather than the audit report once again suggesting the implementation of curriculum departmental risk registers, he indicated that it would be good to have an overview of where it might be genuinely valuable to introduce departmental risk registers. The internal auditor agreed that they would be happy to look at this and critique the risk register on its scope and depth to tease out a little more about its effectiveness as a communication tool between teams, management and governors.

Internal
auditor

Nov
2025

One governor raised a question in relation to the purchasing and procurement audit scope. She indicated that single source procurement had been challenged in a past audit, with the observation that there was not always a rationale to explain it. She indicated that it was not clear from the scope presented whether this would be included again, and the internal auditor confirmed that they would add this. The finance director explained that this recommendation emerged as a result of the use of single source procurement without supporting documentation. As a result, the college is trying to ensure that the new system highlights the issue when the appropriate documentation has not been included. He explained that this is a rollover recommendation and so will be part of the scope. He confirmed that the new system makes it much easier to see the attached documentation, but this still requires some further strengthening. It was agreed that single source tenders should be explicitly referenced within the audit scope.

Internal
auditor

Nov
2025

The principal suggested that the auditor could also look at where the same provider has been used repeatedly for single source tenders. The finance director explained that some of the recent capital activity has involved a small number of contractors, and the college is trying to increase the range of companies used. However, he indicated that it is a matter of balance: if too many companies are asked to tender for the work, they do not respond; if too few are approached, this results in having a small pool of contractors. He suggested that, instead, the audit could focus on the firms with the highest value of transactions, both in volume and in monetary cost. It is important to build an ongoing relationship with contractors, but not a cosy one, and an external

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perspective would be beneficial. The committee agreed with these suggestions.

Internal auditor

Nov 2025

In terms of the CRM audit, the finance director explained that the college was on the cusp of making significant changes to its employer engagement practices, and he asked that this audit be timed around the late spring to allow some of these changes to be embedded. He indicated that the college is trying to enhance how it engages with businesses, particularly how it can fulfil their skills and recruitment needs. The auditor was happy to agree to this request.

Internal auditor

May 2026

AGREED:

- to note the content of the updates provided
- to approve the internal audit strategy, including the 2025/26 proposed areas for audit and the updated three-year plan
- to agree the scopes for the planned audit work as presented, subject to the changes discussed.

12 AUDIT SERVICES – ADDITIONAL (NON-AUDIT) WORK UNDERTAKEN IN 2024/25

The finance director provided a very brief verbal update, explaining that no additional services have been purchased.

AGREED to note the content of the update.

13 AUDIT COMMITTEE ANNUAL REPORT

The head of governance presented a very early draft of the committee's annual report for 2025/26. She informed the committee that a large amount of information within the report's usual structure needed to be checked against updated guidance to ensure that it was still current and to update the wording if necessary. These elements had been highlighted in red within the report. She also explained that some other paragraphs would be updated later once additional information had been provided. For now, she asked governors to focus on those parts of the report which had not been highlighted and confirm whether they were happy to give interim approval or whether any further amendments or additions were required.

Governors were happy to give interim approval of the completed elements of the report, but they asked that the amendments to the remaining parts be completed in good time prior to the next committee meeting so that the document could be circulated to members. This would allow governors to review it and provide their input so that the document discussed at November's meeting could be considered the 'final' version.

Head of Gov.

Nov 2025

AGREED:

- to note the content of the update

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- to give interim approval of the non-highlighted passages as presented
- that the final version of the report would be presented for approval in November 2025 but that the document be circulated beforehand to allow governors to have input into it.

14 **ANY OTHER BUSINESS**

There were no items of additional business.

15 **DATE AND TIME OF THE NEXT MEETING**

This was confirmed to have been scheduled for 15:30 on Thursday 27th November 2025 via Microsoft Teams. That meeting was to be followed at 17:00 on the same date by the joint meeting with the Finance & Estates Committee, also via Microsoft Teams.

It was agreed that confidential items would be recorded separately.

The auditors left the meeting at 18:50.

The meeting closed at 19:00.

Signed: _____  _____ Chair

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